

Speaker 1 ([00:00:06](#)):

Who can tell you what you can and can't do with your properties? I'm Justin Koppes. Today's Real talk. Today's real talk.com. Here we talk about North Carolina real estate, business and life. 8 44 Studio four. That's the number for our q and a session at the end of the show, if you've got questions about real estate, give us a call 8 4 4 studio four. If you want this content sent directly to your device, just text, get Real to 8 44 Studio four. So when you think about your property and you think about, okay, I like to do this at my home, is that allowed? Are you allowed to use your property the way you want to use it? Can you have particular pets? What about budgets? How much do you pay in your HOA per month, per quarter, semi-annually? Annually? Do you even live in an hoa? Do you live in part as part of an association, a community of homes under a set of restrictions and guidelines and committees? Is that something you want to be a part of? Because there are two sides to the coin. Sure, you could have limits on your rights to your property, but in return, in theory, beautification and enjoyment for all. And so we're going to discuss that today with Jim Slaughter or excited you are here again, 8 44 Studio four. That's the number. If you've got questions, Justin gpp, today's Real Talk, today's real talk.com.

Speaker 2 ([00:01:49](#)):

I need some real talk. Oh, I need some real talk. Give me some of that real talk.

Speaker 1 ([00:02:00](#)):

Today's Real Talk. Today's real talk.com 8 44, studio four, that's the number. If you've got questions, I am honored and humbled right now to be joined by Mr. Jim Slaughter, president of Law firm Carolinas. He's a certified professional parliamentary teacher, instructor, author. I got to be honest with you, Jim, I'm, I'm looking at your resume when I look at your site, jim slaughter.com or I look@lawfirmcarolinas.com. I think to myself, what doesn't he do? And so I guess to start things off at night, do you dawn a cape and cow and save all of the citizens in your city? I mean, what limits do you actually have?

Speaker 3 ([00:02:41](#)):

None of that, Justin, but probably a teacher at heart. Like so many lawyers tend to be

Speaker 1 ([00:02:47](#)):

Yeah, well a teacher you are sir, if I am so grateful for the content that you and your team continue to produce, informing the legal community, the broker community, and the general consumer as it relates to HOAs, and that's what we're going to focus on a lot today. I'm sure we'll get into some ancillary and related topics, but HOAs, I mean Jim, I'm going to be honest with you. Traditionally speaking, and my wife would tell you this too, I don't like being told what to do. And so HOAs tend to have that effect. Talk to me about generally speaking, North Carolina HOAs, are we just a random state that does everything backward as if we're an attorney closing state versus title closing state? Is it the same for HOAs? Where do we fall in line in comparison to the rest of the country?

Speaker 3 ([00:03:45](#)):

Well, Justin, if you don't like being told what to do at all, perhaps an association would not be the best place for you to go. However, I will say it's a very popular form of ownership. It surprises a lot of people actually that North Carolina has gone ninth in terms of population of all the states in the country. But we actually rank fifth in terms of the number of HOAs and condos. And again, to get geek on you for a

moment here, I find it fascinating. The North Carolina is only behind California, Florida, Texas, and Illinois in the number of HOAs condos because those aren't states you normally put together. But we've kind of got everything you need. We have lots of homeowner associations in the open parts of the state and around the cities. We have lots of condos at the coast. We have condos in the mountains and in cities where there's not as much space, there are a lot of town homes around.

Speaker 3 ([00:04:37](#)):

And so there are about 15,000 homeowner condominium associations. In North Carolina, there are almost 3 million people that live in associations. So it is a very popular form of construction among builders because as you can guess builders kind of like to maintain some control over these associations while they're completing them. They don't want people building or painting their houses polka dot while they're trying to still sell houses and the cities like it because a lot of amenities or services, water, sewer, sometimes schools even that might need to be built by a municipality. Those are tossed over onto the developer's side and homeowners like them because you can get a lot of things for less money. I might not be able to hire a landscaper in a pool for my house, but if I get together with a lot of people, I might be able to have a pool and a golf course and other things. On the other hand, we might have no amenities. It might just be a little association where somebody takes care of the roof. So long answer to your question, but North Carolina has a lot of HOA condos. It used to be that about four out of every five new constructions was in some type of an association.

Speaker 1 ([00:05:42](#)):

I would imagine you're very busy right now purely based on your statement of putting us in a category with Florida, with Texas, with California, from a population increasing perspective. Ballpark me, make it up. Speculate 100%. Okay, new properties being developed, what percentage would you guess of them are within HOAs of new properties being developed in North Carolina right now?

Speaker 3 ([00:06:11](#)):

Well, and it will be a complete guess, Justin, but if you were just a developer building a house, it might well not be in an association. But if you're putting together a community of twenty, fifty, one hundred and fifty homes, you can almost guarantee that will be in an association. Cause all it takes to be in a planned community in North Carolina is you have to have at least 21 lots and there has to be some obligation to pay some sort of assessments or dues that help maintain the community. So as you can imagine, you quickly get into an association if a whole development's being built at one time.

Speaker 1 ([00:06:44](#)):

So if we look at it, and I made the joke in the beginning about being told what to do there. You also mentioned a lot of the positives, right? Because there are a substantial amount of positives for being a part of an association. And one of the things that automatically comes to my mind is beautification and upkeep because at the end of the day, we all want our property values to stay up. So from an economic perspective, we all want to live in an area that we feel safe in that we enjoy being a part of. And that to me seems to be one of the greatest positives of living in an association. Give me a rundown. What would you say the top three to five positives are of living in an association governed neighborhood?

Speaker 3 ([00:07:34](#)):

Big question. And keep in mind they're at least three, they're actually four, but there are three main types of community association products in North Carolina. You can have a homeowner's association,

and that's single family homes. Normally you can have a condominium association. Condominiums can either be buildings or they can be side by side where you basically just own the interior of your unit and then someone else is responsible for everything outside the unit. And then you have townhomes. Townhomes can be up and down. Usually they're side by side obviously, but in a townhome you own all of the land LA down into the ground and you own your roof, but then you have a contract with the association that they'll take care of the exterior. So depending on what level of maintenance and money you want to spend on your property, you might have reached a point in your life where you don't want to have to deal with a yard anymore.

Speaker 3 ([00:08:22](#)):

So you might decide one of these other products is something that you would want to do. So in terms of the things people are looking for a lot, want what they might say, maintenance free. There is no maintenance free, but there's probably maintenance less, which means I would not be mowing my yard and raking leaves this time of year. Instead, an association might be taking care of that. On the other hand, you can also get amenities that you could not afford individually, but once you congregate everybody, if you have a thousand members of your association, you're probably going to end up things like landscape maintenance. You might well have a clubhouse, you might well have a pool, you might have a golf course, you might have none of those because again, associations vary widely from lots of amenities to very few. And of course that affects the cost of the association as

Speaker 1 ([00:09:08](#)):

Well. Let's break down some of those costs, right? Because at the end of the day in a timeframe we're living in, right, we're no secret to anybody right now. The cost of living going up we've with a lot of associations over time comes a lot more capital expenditures. And so if we think about many of the different maintenance components of a neighborhood and whether we're talking about single family or we're talking about condos or we're talking about townhouses, there are expenses that rack up over time. What are you seeing in the marketplace right now as it relates to budgets of HOAs when having a conversation of expenses

Speaker 3 ([00:09:56](#)):

And the budgets are going to vary extraordinarily. Justin, I say that because we have some homeowners associations where there is no common property, there's nothing owned as a group except maybe the sign at the road that says, welcome to Happy Homeowners Association. And so their budget doesn't really change. Everybody takes care of their own yards. Everybody takes care of their houses. It's a homeowner's association with very few amenities. On the other hand, if you were in a high-rise condo in downtown Charlotte where perhaps there could be a pool where there might be very nice facilities where there might be a security guard or multiple security based on what's going on, those expenses would be much higher on a monthly basis than the first one I talked to. So purchasing a house out in the country you would be evaluating when you want to move, what type of environment do you want to be in?

Speaker 3 ([00:10:45](#)):

Do you want to be in a hotel type setting? Do you want to be an individual home? What's my budget? And in addition to my budget, what is the monthly assessment that's charged by the association and what do I get for that? And it might be a huge list of things that you'll think I am happy for somebody

else to take care of my yard and the exterior of my dwelling and I don't have to do that anymore. And on the other hand, you might say that is beyond my budget and I need to look for a different type of place.

Speaker 1 ([00:11:13](#)):

I'm going to throw out a couple of random questions to you throughout our time together today. I don't want you to feel any pressure, you have to know the answer or anything like that. You've got so much experience that if I don't take this opportunity, I'm going to be upset at myself later. So I'm going to take every moment I can today. So when we think about an annual budget, is there a cap in North Carolina percentage that a budget can be raised from year to year, an expense per unit if you would in North Carolina and in hoa?

Speaker 3 ([00:11:45](#)):

And most things you're going to ask today, it's more complicated than it might seem of

Speaker 1 ([00:11:50](#)):

Course than is Jim.

Speaker 3 ([00:11:53](#)):

No, there is no statute that says a budget cannot be above X because of course that wouldn't work for the association with almost no amenities versus the one that has lots of amenities. On the other hand though, the way these associations get created Justin, is whether you're in a condominium, there's a declaration of condominium. If you're in a town townhome or in a homeowner's association, there's a thing called, there's a thing called a declaration or a DEC declaration of covenants, conditions and restrictions, which is a real estate document that's filed with the county in that document. That's where you will find something like the dues shall be this per month or the dues shall be this month per year. And almost without exception, the developers always put into that and it can't go up more than X in a year without going back to the members and letting them vote on it.

Speaker 3 ([00:12:43](#)):

And then to add one more layer to all of this in terms of budget, since you've asked about budgets, there is a North Carolina budget statute that applies to condominiums and applies to homeowners associations. And there's a budget ratification process by which once the board adopts a budget, in many associations, if they are obligated to follow the statute that budget then has to be sent to all the homeowners and there's either a meeting or there's a mail ballot vote and the members get to put a say into that budget. And if they don't like that budget at all, they can vote it down.

Speaker 1 ([00:13:16](#)):

Can the hoa, let's say, whether at the initial developer who puts in the CCNRs and the plan or the membership change along the way it can that be contracted around via the CCNRs? Or are there certain things when as it relates to budget that can't be contracted around North Carolina has said, Hey, this is the rule for everybody, or is it wide open? Hey, what do you guys want to do? You guys decide

Speaker 3 ([00:13:44](#)):

For homeowner associations. There is a North Carolina Plan Community Act. It's I, it's in chapter 47 F for condominiums, a North Carolina Condominium Act, and it is in 47 C. There are statutes in both the

Planned Community Act and in the condominium Act that are obligatory and are binding on everybody that have to do with assessments and how you charge for assessments and what do you do if people don't pay their assessments and how do you call a meeting? And that Robert's rules of order is the default authority for meetings and if someone violates the declaration, what can you do to them? And then there are other statutes that are not binding on everybody. So in answer to your question yes, hard may be as to what specific statutes would or would not apply to a specific association. And the reason this sounds like I'm making this stuff up, the condominium act is only binding on all condominiums created on or after October 1st, 1987, about a third of the statutes are retroactive.

Speaker 3 ([00:14:50](#)):

The Planned Community Act is only binding on all planned communities created on or after January 1st, 1999 and about a third of the statutes are retroactive. So when everybody calls us and says, Hey, what's the answer to this? Unlike some areas of practice, we often don't have an answer until we find out, well, are you a an hoa? Are you a condo? When were you created, what do your documents say? If you're a planned community, do you have at least 21 lots? Because if you don't have 21 lots, you may not be subject to the act. And so it's a lot of background we have to have before we can start answering questions for people. So it makes tough to answer universal questions with you today, not because I don't want to, but cause our practice usually just doesn't let us.

Speaker 1 ([00:15:36](#)):

No, and that's good and that's why people need to find a competent legal counsel like yourself in order to determine what actually applies. Right? Because as an attorney myself that if then scenario right comes up all the time, well this then that. So there's nothing wrong with that perspective. You touched on a couple of things and for our listeners who are on HOA boards or have run into HOAs, we'll say from time to time, I think their ears started percolating with some of those dates you threw out. That's been a big topic in North Carolina in the past few years. I don't want to dive too much into the marketable Title Act or into the statutes that have come about as it relates to improper formation of condos. Do you think where we sit at those statutorily, Aly, are we living in a perfect world of HOAs now based on what's written at the legislative level or are there still big pitfalls that you believe should be addressed?

Speaker 3 ([00:16:43](#)):

Well, there's always going to be updates that are needed adjusted. Unlike only within the last two years did the general assembly pass statutes that would let membership meetings be more often virtual electronic voting. And that's because five years ago, who would've thought we would need something like that? So I will say the General Assembly has done a very good job of when they feel they need to go in and amend the Planned Community Act or the Condominium Act, they do. In fact, we frequently say in our practice area that in almost no other area of law that I can think of, do there tend to be quite so many proposed bills and statutes adopted every couple of years that deal with HOAs and condos. But that's because the General Assembly is trying to take into account the world has changed. Some states have adopted completely new plan community acts or condominium acts, but as an attorney, think of just how gigantic and undertaking that would be in a state where you already have all of these entities that exist under the prior documents and it would just be a nightmare.

Speaker 3 ([00:17:50](#)):

So instead, I will compliment the General assembly members to say, I think they've done a pretty good job of revisiting even this past year as they addressed the marketable Title Act concerns that were out

there. I think it's best we not go into detail on that or you would lose your entire membership, your viewership and in one session probably because as you know, that's pretty deep stuff when you get in the Marketable Title Act. But they also dealt with things about which statutes should be retroactive. There have been cases this year dealing with everything from solar panels to the Marketable Title Act older condominiums and how they should be treated. So between the courts and the general assembly, I'd say North Carolina's doing a lot better than many states.

Speaker 1 ([00:18:31](#)):

I had a good conversation with Joel Gilley who's the public affairs director for Wayne County, and he and I were joking about chickens and I'm still waiting on some exceptions for chickens for myself, Jim, to get me a little farm going on in the backyard. But we'll circle back to that you bring up really was what we're talking about when we think about technology requirements for meetings, voting rights, things of that nature. Talk to me pre, let's break it up pre and post, and I say post covid just from to give everyone a sense of timing, right? Let's compare pre 2020 to now what's happened and what's going on with where we're at now. Give us the rundown.

Speaker 3 ([00:19:16](#)):

Well, and of course there's no different in community associations than in any other aspect of our lives, restaurants schools everything else we do. And by that I mean the old model and by old mean three years ago, the old model for community associations, which is the umbrella term by the way, I use as does the country for homeowner associations, condominium association's, townhomes Community Association is the umbrella term for those groups. The old model three years ago and passed for community associations was boards would meet in person and often members would come and watch or they wouldn't but the board of five or so people would tend to get together and talk about stuff. Although there was a statute that said boards could do telephone meetings or video meetings as long as everybody could hear everybody and everybody could talk to each other. So boards, boards were kind of taken care of.

Speaker 3 ([00:20:08](#)):

But for membership meetings there was just the town hall model pretty much, which is Town hall means everybody shows up in one room and if you're at work, not great. If you're on vacation, not great. Justin, if he can't make the meeting, could have sent a proxy with someone, he could name Jim his proxy, and I would go to the meeting in person and I would do anything you could do. And that was about it. There was an option for a written ballot through the mail, but I know that's not what you're asking about. You're asking about meetings. But when Covid hit, of course there were several emergency orders saying, look, people cannot get together in person. We have to have an emergency statute that comes up with a way way that members and associations can make decisions during Covid. And once Covid started waning a bit, the General assembly adopted a statute this past year that has a mechanism by which association members can either meet virtually. You could have a virtual meeting and do voting or you can meet virtually and then vote by written ballot or if everybody's agreed to do transactions electronically, you could even do electronic voting of the membership without having a meeting at all. So yet again, it's technical and you have to jump through certain hoops to do it, but suddenly people who might live in Chicago and on a townhome at the coast in North Carolina can suddenly participate in the annual meeting without making a major project out of it.

Speaker 1 ([00:21:36](#)):

Is that still in effect today? Where are we at going from an emergency legislation to permanent legislation,

Speaker 3 ([00:21:43](#)):

The emergency legislation, Justin went away but as part of a rewrite of the nonprofit corporation statute. So it's not just HOAs condos and townhomes as part of a rewrite of the nonprofit corporation statute. The statute for nonprofit associations was rewritten such that members can either have electronic meetings or they can have electronic voting as long as they take certain steps to make sure some safeguards are in place that Justin is Justin and Jim is Jim and somebody's not pretending to be Jim. And so there's certain steps you have to take, but if you take those steps then members can meet electronically or virtually in associations now and that statute will go forward unless it gets amended in the future.

Speaker 1 ([00:22:27](#)):

I in random question here so I live in Mecklenburg County I not sure if you're you, you're around Wake County in that area, right? Gilford County and all that. So obviously several subdivisions, neighborhoods, associations with a large membership body, multiple units. I think of a couple of neighborhoods I know that are 900 units and more having an online meeting with that many members. I'm going to be honest with you, if I'm on that board, I'm kind of taking a back, I'm like, I don't know if we want to go this route. Have you witnessed been a part of any of those large membership virtual meetings and if so, how'd it go?

Speaker 3 ([00:23:13](#)):

Absolutely. We've done many hundreds of meetings like that. And Justin, you said large, I will at least mention, and we don't have these in North Carolina, but there are associations in states like Colorado that have many tens of thousands of owners, tens of thousands, which is hard to imagine, but that is elsewhere in the country. The meetings tend to go fine and please keep in mind they don't have to meet virtually many boards decide because of the makeup of our association, we want to meet in person. On the other hand, hand, we have associations at the coast because we have an office in Wilmington as well where no one that owns a unit lives anywhere within a hundred miles, all rental type. It's a rental type association. And so they're not around anyway. So they absolutely would like to meet virtually. And so the meetings usually go fine.

Speaker 3 ([00:24:05](#)):

And the reason I say usually is you just have to have the technology that allows people to participate. And as you may know, generally not that everybody wants to talk on every issue, it's that everybody wants to have the opportunity to vote. And so what often happens at these meetings is you have discussions which may not involve everyone in the association, but they get to hear what's going on, but then at the end of it, they will get a ballot where they then get to vote on the issue that is before the association. So our experience with the virtual meetings has been pretty good.

Speaker 1 ([00:24:37](#)):

You mentioned voting. So I think about some of the platform tools and so Zoom obviously being the most known platform tool there is, zoom has a poll feature on it. If an association was to conduct a vote via Zoom polling, is that valid and enforceable based on those results or what's that like?

Speaker 3 ([00:25:01](#)):

Well, once again, it's going to depend on a lot of things. There are different statutes that talk about how you amend a declaration versus how you amend say bylaws or how you just vote on something like a budget. So you'd have to make certain that you're following the statute and you'd have to make certain you're following the governing documents of the association. Even then the board has to adopt rules that make certain that the people who are voting are the people who are supposed to be voting to protect the integrity of the vote. So keep in mind, as you've already pointed out Justin, you can have a town home association with 33 people. Well, you could have a town home association with 21 people, easily 21 people can all fit on a Zoom screen. I mean that's not that big of a deal if you think about it.

Speaker 3 ([00:25:43](#)):

It's just a big board meeting. On the other hand, as you've already pointed out, if you have a thousand members, whether or not you can have a fair meeting and that capacity is something that would have to be discussed by the board. And typically if the board is doing stuff the members don't like, you'll end up with a new board. So at the end of the day, you're going to get where the association wants to be on these issues. I will say from an electronic meetings perspective, what we most hear from our members is that they're happy that they can be eating dinner with their family and three minutes later they're at the annual meeting versus having to drive 30 minutes or fly across the country to come somewhere. We've had also lots of people who would never be able to participate physically because of a disability or because of an age or cause of their health.

Speaker 3 ([00:26:28](#)):

Or I've had a number of parents with young children tell me they would never have volunteered to be on the board of directors, except the board now tends to meet virtually while when it was in person, they couldn't leave their kids at home and go off to a meeting on a Wednesday night. And so it is giving an opportunity for some people to participate who in the past might not have been able to participate in the life of the association. So they're pros, but then they're also the cons I will say, which you've lived through enough Zoom meetings of your own people sometimes act differently on Zoom than they would act in person. And sometimes they're a bit meaner and sometimes the votes tend to not come out the way you would be certain they would come out in person. And I think some of that is because when people sit in their living room, they're not necessarily paying as much attention as they might be if they were in person.

Speaker 3 ([00:27:16](#)):

And when they're clicking the remote basically to vote you can get a different outcome. It also doesn't build as much a sense of community because of course associations are community associations. They're big on the idea of let's build community. And as you know from zoom meetings, it can be difficult to build a sense of community through an electronic device. So I know a lot of associations, they may continue having some meetings that are virtual, but I know they're all looking for ways to get people together, whether it's at a social event or whether it's something in somebody's yard or if they have a pool, they might have a pool event. But communities are always looking for ways of how do we incorporate everybody into this sense of community. And the virtual has not been so great at that.

Speaker 1 ([00:27:59](#)):

But Jim, my favorite part about the virtual is I can be business on top and I can be comfort on the bottom. I can sit on the couch and make every meeting in the world and participate as much or as little as I won. Not bad. If I got some things I want to do on my weekends, I'm just throwing that out

Speaker 3 ([00:28:22](#)):

And probably better than if you showed up at the membership meeting that way.

Speaker 1 ([00:28:27](#)):

Well, sometimes I do that just for fun, Jim, but that's a different conversation. And at the end of the day, you bring up a great point because whether we're talking in person, whether we're talking virtual, people are still going to make decisions thinking about what's best for them. We're people, at the end of the day, we're going to focus on what's best for us. When I think about the economic perspective of real estate, I have a saying I like the market will dictate. I think the same is true for HOAs When we think about our leadership and we think about are the decisions being made in line with what we as a membership want, the market will dictate that. And over time people will say something, you bring up a concept of kindness. There's a group that I think catches a lot of slack in North Carolina management companies. I think a lot of management companies catch a lot of Slack for one reason in one reason only.

Speaker 3 ([00:29:26](#)):

Now you're saying Slack or Slack?

Speaker 1 ([00:29:29](#)):

A little bit of both. We'll go with both depending on your perspective. So management companies catch a lot because of the fees. And if I think about transfer fees, I'm going to throw a curve ball at you because I know we didn't talk about transfer fees prior to, but \$250 cap is a two 50 or \$200 cap on assessment on a statement of assessments. Remind me of that one off the top of my head. I'm trying to remember.

Speaker 3 ([00:29:54](#)):

There is a statute that deals with statement of unpaid assessments. I wouldn't call it a transfer fee because there's even a case that says those aren't transfer fees. Correct. A transfer fee is if you buy a piece of property and the declaration or the deed requires you to pay money somewhere but you're talking about the statement of unpaid assessments and there is a cap on how much you can charge so many days before, so many days after. And again, we represent associations, not management companies. I will tell you though, I'm told regularly by the management companies that those are not as simple as they might seem to be give an answer to and that if the number turns out to be wrong, they've taken on the liability and would have to pay whatever amount is owed even if it's thousands of dollars. And so they're al to be some repens is what I hear from them as to giving that correct number and making certain that everything is accurate. But the general assemblies you pointed out a few years ago actually enacted a statute and it does say how that process works and what can be charged for

Speaker 1 ([00:30:54](#)):

It. Let me throw out a hypothetical to you, Jim and I, and I'm sure you've heard this one. And if you want to give me a produced answer you can or we can just dive into it. Hardball style, I'll let you make the

decision on that. You've got a management company who then uses another third party source for preparing the statement of unpaid assessments. If you were to total the cost of the charge from the management company plus that third party for the statement of assessments, and it's more than the statute allows for, is that a violation or those two parties allowed to charge the maximum based on the statute?

Speaker 3 ([00:31:43](#)):

And not to give a dumb answer, but I don't have enough facts follow the statute, and the statute does have a cap. So in my view, the cap is the cap. You know, don't get to hire three management companies for an association and all three give you a number and all three charge a fee. The idea behind the statute was of course to get some consistency on the amounts that were charged for certain information.

Speaker 1 ([00:32:10](#)):

Jim, you're going to rile up a legal community right now. Then the transactional closing attorneys are going to be beaten down your door for what do we do then? Is going to be the next question, but also we'll save that one for another day. And

Speaker 3 ([00:32:24](#)):

By transactional attorneys, if you want to give me an example of an association that has three management companies that are all giving a statement of unpaid assessments, I'm not aware of such a thing. So I don't think I just said anything that was out of the ordinary. And that followed the statute is always our advice to our association clients. And again, the ones we're giving advice to are the associations because that's who we tend to represent as a firm.

Speaker 1 ([00:32:48](#)):

Sure. And just to get a little bit more specific, so you've got a management company who utilizes a third party document retrieval company, let's say a technology platform based out of, I don't know, California, we'll say they charged \$300 paid upfront before you can ever order the statement of unpaid assessments. Transactional attorney calls, the management company says, Hey, this number is in violation of the statute, we don't want to pay it. Provide us with the dues management company says, sorry, our policy is we use that third party platform, 100% of orders are required to go through that platform. What is a transactional attorney supposed to do in that scenario?

Speaker 3 ([00:33:28](#)):

And what I hear all the time, Justin, and I hate to say give me the facts but even prior to the statute being adopted, I used to always hear horror stories of somebody was charging \$2,000 for this or a thousand dollars for this or \$500 for this. And sometimes I would just out of curiosity, dig into it to see what was actually going on. And most of the time what was being said was going on is not at all what was going on. There was some completely different reason for why the charges were out there. So if you know specifically of someone who is charging foreign excess, I'd be curious because my understanding over the last couple of years is that most everybody I've heard of in the industry that's a licensed certified manager, which is who you ought to be using, they're very aware of what the statute is and I think they're going out of their way to try and follow it.

Speaker 1 ([00:34:17](#)):

Okay. No, that's good. Hey, you're on the inside, Jim. I'm following your lead on this one. So I'm going to go with you on that. You talk about

Speaker 3 ([00:34:25](#)):

And what's come back on advice we would also give Justin is that within the world of associations there is not a requirement that you have a particular credential to manage an association. However, there are organizations nationally including the Community Association's Institute, the certify managers trained and certified managers. And managers have different credentials with different years of experience, including some very high credentials. And just like you suggested, seeking out legal representation that is competent and association of any size in my view, if they want to have a community manager, which they should because the laws and the regulations change all the time, and I don't know how anybody could keep up with it without a good manager. Not only do they want to find a manager, but I would strongly encourage them to look for a credentialed manager within the association world. Cause those are the people who are taking the continued education. They're the ones who have taken tests to show they know what they're talking about and they're more likely going to know all of these statutes that you've been asking about.

Speaker 1 ([00:35:24](#)):

Well I'm, I'm going to be honest with you right now and I'll eat humble pie on this one. I've not heard of a credentialed manager before you telling me that right now, I'll be honest with you is the very first time I've ever heard that. Is there a particular minimum credential you would recommend if I think about whatever it is, right? Is there r ei blah blah blah, blah, blah, whatever the credential is, what would you recommend as a minimum?

Speaker 3 ([00:35:51](#)):

I'm not going to give out the letters because they're multiple certification programs. There's a C M C A, there's a P A M I mean, again, there are variety. In fact there are credentials within other areas. Like large scale communities has its own credential reserve specialists, our people who are trained to know how much money does an association need to have in reserves based on what likelihood it's going to have for capital expenses over the next few years. So within the community association's world and the umbrella group mostly is the Community Association's Institute or cai. Within CAI, there are many credentialing levels some of which take years, some of which are more introductory. And again, you don't have to have one of those, but if I were going to entrust my money for an association to a group, you might want to consider having a manager who has some proven experience in that world.

Speaker 1 ([00:36:48](#)):

And it's sound advice, but let's take a look then and discuss the smaller, we'll call it the smaller associations. I'm hard pressed to believe in them. I'm sure they exist when you're talking about a few hundred homes, even to not have a management company seems almost foolish, but let's go sub 50 units and they have no management company. What are you seeing as the big pitfalls from those groups right now

Speaker 3 ([00:37:17](#)):

At the big pitfalls if you don't have a manager is that you need to keep up with all this stuff yourself. North Carolina, as you know, Justin has a very strict statute when it comes to collecting assessments against people. I mean the 47 F three dash one 18 goes on for pages as to what you have to do when

somebody doesn't pay their homeowners dues, which in our world is called assessments. All these steps you have to take, there are all these notices you have to give. If you don't give those notices, if you don't take those steps, if you don't send a 15 day letter before you get more serious about collections, all sorts of bad things can happen. And I mean that quite seriously. It's the same also with enforcement. One of the reasons people move into associations is because they want there to be some control over, will someone be fixing a car on blocks in their front yard next to me?

Speaker 3 ([00:38:08](#)):

Probably not. Can somebody put up a hundred political signs? Well, probably not. And that's because the restrictions likely put controls on what people can do. That's that part that you mentioned about whether you like being told what to do or not. And if you don't follow the right steps in enforcing the provisions of the declaration against owners, you can also get in a lot of trouble. So the two areas we most often see associations who are doing it on their own mess up deals with trying to go after people for their dues and trying to go after people for what they feel is a violation of the documents.

Speaker 1 ([00:38:47](#)):

A lot of the associations and over the years, so my transactional practice, I exited at the end of 2021, so I'm not participating in residential closings at this point by any stretch of the imagination but a lot of the calls I would get from people were, Hey, my association has said I am in violation but my neighbor down the street is doing the same thing and they aren't doing anything to them for violating, picking and choosing which rules to enforce at least perception wise. I'm not saying it happens, but as people, again, we're people we're human. We at least believe we're being picked on for things. Does that cause any issues when we talk about enforcement, if an association or anybody was to say, Hey, you're in violation now we're going to enforce that restriction against you picking and choosing people of enforcing specific restrictions, does that have any effects on the ability to enforce

Speaker 3 ([00:39:56](#)):

It? It doesn't. Justin have a really difference on the ability to enforce and that's because you're supposed to apply all of the rules uniformly. Occasionally we'll see an association where for some reason a lot is carved out, every lot just abuts the street, but this one is on a corner. So maybe the rule is different about the ones on the corners as to where they put their garbage cans versus the people are. So you can run into differences that are built into the documents, but normally with most rules most of the requirements of the declaration, those are supposed to be applied universal. And what we will hear all the time is, and this has happened at the coast, somebody had 20 chickens, they're not, since you brought up chickens, I'll mention chickens, they had 20 chickens. The declaration said zero chickens, no chickens, no foul, no poultry.

Speaker 3 ([00:40:44](#)):

I mean it wasn't one of those vague ones. It was very clear none. And they had a whole farm of chickens and of course one of their responses was, well, Justin has chickens too. Well, that's not a defense to the 20 chickens. In fact, the board's reaction was, Justin has chickens. We didn't know Justin had chickens, but thank you for telling us because now we need to go talk to Justin. I mean it, it's often that the board does not know that someone else is in violation, but that wouldn't stop the first violation. It would more imply that the board needs to treat everybody equally. And of course I, I'll mention Justin, at the end of the day, in terms of democracy homeowner's association is sort of where the rover hits the road. If you don't allow chickens and people want chickens, there's an easy fix to that.

Speaker 3 ([00:41:29](#)):

You can amend the declaration to allow a chicken or two chickens or 20 chickens or however many chickens you want. As you mentioned a bit ago about the marketplace, if the board is enforcing something and the membership is like, we don't want you to do that, that usually ends up with either the board not being the board anymore and another group being the board or the association decides they want to amend the documents and they change whatever the rule it is so that something else is done. We see amendments all the time these days dealing with everything from animals to short-term rentals to rentals, to the same things you're probably familiar with from seeing it in the news lately.

Speaker 1 ([00:42:09](#)):

Somebody's always snitching, Jim that come on, someone's violating that I want to do something at my house. Someone's always snitching because they want to be able to do it too, and they weren't allowed to. You talk about Robert's rules, rules of order. I see you post about that. It's a common term with HOAs a lot of the time. Oh, can I have Justin's rule of order, rules of order instead of Robert's rules or what? Who's Robert? Talk to me. Why is Robert so popular?

Speaker 3 ([00:42:36](#)):

Your association could adopt Justin's rules of order and good luck with that. It would be fine because the statute says that if the association hasn't adopted a different parliamentary authority, it will follow the latest edition of Robert's Rules of Order newly revised without putting everybody listening to this podcast to sleep. The short version is that Robert's rules of order newly revised is the 800 pound gorilla of the parliamentary world. It's a book on meetings rules. And the short version would be that membership meetings tend to be a little more formal. You're not supposed to talk without getting called on. You're not supposed to talk more than 10 minutes at one time. You're really not supposed to talk a second time. As long as there's somebody who wants to talk a first time on an issue, you can then talk a second time and eventually we'll vote on stuff and by either a majority or a two-thirds vote, depending on what we're voting on, the group will make the decision.

Speaker 3 ([00:43:30](#)):

Boards under Roberts are much more relaxed. And that's sort of the theme I'm trying to pass through with Roberts is membership meetings tend to be formal board meetings don't have to be that formal. Board meetings can be very relaxed. The board can sit around a kitchen table and just kind of talk about stuff and nod on things and that will probably be sufficient. So there's small board procedure, there's big board procedure, and the idea of the general assembly when they adopted the statute on Roberts in about 2005 was members ought to have some idea of what the rules are going to be before they show up at a meeting. There ought to be some fairness aspect to that so that Justin as the chair isn't just making up rules and nobody knows what to do about them. Instead, the statute says, here are some ground rules that everybody should expect. And they're the same ground rules you'd probably run into at a city council meeting or a county commission meeting or a PTA meeting.

Speaker 1 ([00:44:26](#)):

Let me tell you my two rules that I would have, Jim, I'm going to, I'm going to be honest with you. My first rule's going to be give me apple juice instead of orange juice at the annual meeting. I'm sick of orange juice. I'm sorry. It's just the way I am. And if you're going to have a vote, have a vote and move on with your life and then those will be my two rules. The vote wins at the end of the day, but they don't ask my opinion. Jim, I'm going to be honest with you. Okay let's talk a little bit about condos.

Speaker 1 ([00:44:55](#)):

I find condos fascinating from a transactional perspective because I always got asked, do I need a survey with a condo? My default answer is there's no land. So you do not need a survey when you're purchasing a condo. From the HOA perspective and this actually would apply probably to several townhouse communities as well, if I think about a master community and then a subset community, are there differentiations in condos for let's say like floors three through five versus seven through 10 being part of different associations or mixed use buildings? What's that process like when we think about condos?

Speaker 3 ([00:45:35](#)):

Well, you're the expert when it comes to the transactional stuff. Justin, since you did that, we don't create associations. We tend to get involved after they've been created. But since you asked the question, I know the answer to this, they just amended the statutes last year to basically say there needs to be a better description of the condominium before it's created in the first place. And that's because like you said, they weren't really sure what are the dimensions of the condominium. You could in theory have different buildings and condos in each building and they're all connected in some way. And of course the statutes that deal with side by side-by-side condominiums is different than the stacked condominiums, particularly when it comes to insurance and who has to buy the insurance and who has to repair things. So condominiums are complicated. It's not just you, everybody. Condominiums tend to be a lot more complicated than do homeowner associations.

Speaker 1 ([00:46:30](#)):

Have you run into a condo that doesn't have a management company?

Speaker 3 ([00:46:35](#)):

Oh, certainly. I mean, can have a condominium of two units. So unlike a planned community where you're going to at least have 21 lots to meet the definition, unless you've just adopted the act, even though you're a very small association condominiums could be a two person dental association. They own a building together and that's a condominium. And the condominium is the dental practice, and we've seen that for various businesses and things like that. So they might well have a management company, they might have a commercial management company or depending on the circumstances, it might be a small enough venture that they don't feel like they need that. On the other hand, you can have a condominium high rise in downtown Charlotte or Raleigh or Greensboro with tens or a hundred units. And of course, not only would you have a manager for that, that would be credentialed and would be professional, but you might well have what's called an onsite manager. An onsite manager of course, is just what it sounds like. It's not somebody that works for a bunch of other associations. It's somebody that this is what they do and they're actually in the condominium most days for most of the day doing what community managers do.

Speaker 1 ([00:47:46](#)):

Hypothetical for you here taking the opportunity a two unit condo. What's the default rule? If the parties don't agree,

Speaker 3 ([00:47:58](#)):

The documents are supposed to say what happens, but I do know from experience, Justin, because we've seen it before, and again, we don't draft these original documents, but we have seen them before where each side had 50% of the vote

Speaker 3 ([00:48:13](#)):

Not so great when they don't agree. And then it's best to have a mechanism. As you can imagine, if you were drafting a legal agreement. Normally if you have a provision that you realize this could be a deadlock, then there needs to be a provision for what you hop to perhaps arbitration or perhaps mediation. Mediation of course, as you go and you try to talk it out. And sometimes if the mediation doesn't work, then there's a default provision of arbitration, which is where an arbitrator is picked by the parties and the arbitrator decides who's right and who's wrong, or if they can't even agree on who the arbitrator is going to be. Sometimes the provisions are that Justin picks an arbitrator, I pick an arbitrator and those two arbitrators pick a third arbitrator, and you have a panel of three people. So since you are in the transactional side, it truly is there is many opportunities as there are ideas you can come up with as to how these things might be drafted.

Speaker 1 ([00:49:14](#)):

Oh yeah. One of my big things of my,

Speaker 3 ([00:49:15](#)):

Just so you'll know Justin the Community Association's Institute of North Carolina does have a mediation program for disputes within HOAs condos cooperatives, which is another type of community association. And so there's a process for going through mediation through the community association mediation program of the North Carolina chapter of the Community Association's Institute.

Speaker 1 ([00:49:39](#)):

So we've got CCNRs bylaws and committees. Is there a hard and fast rule for what must be in which sector or which document or which group or is it Hey, membership can pick and choose whatever they want?

Speaker 3 ([00:49:54](#)):

Well, and there's not really a hard and fast rule in what must be done or else we wouldn't spend so much time fixing those documents for associations that seem to have not quite gotten it right on the first go. In theory. And in terms of good practice though, Justin, the declaration, which is the document that's filed with the county, it's the highest document within the association. That's where you put the things that tend to be what people can and cannot do on their own property. So if you're going to tell somebody they can or cannot have pigs or they can or cannot have goats, or they can or cannot have auto repair on their lawn, that would tend to be in the declaration because that is going to be telling people what they can do on their own property. The bylaws tend to be a governance document.

Speaker 3 ([00:50:43](#)):

So the bylaws are really only supposed to say basically, when's the membership meeting and what can it do? How many people are on the board and what can the board do? What are the committees of the association? And so it's more how do we run the association? And then there are two other documents you didn't mention, but I'll mention them. There's articles of incorporation. The articles of incorporation

are filed with Secretary of State, as you know, and those created corporation, a nonprofit association. And those tend to usually and should only have just the most essential details of what you have to file to create an association. But sometimes we'll see them go on for pages with all sorts of things about size of the board, when are meetings going to be held, how do you remove board members and things that shouldn't be in there, but they still are.

Speaker 3 ([00:51:27](#)):

And then very finally, there's another document called Rules and Regulations of the Association. And in a perfect world, usually the rules and regulations are supposed to deal with a common area. So if you had a pool, the board could adopt a rule that says no one at the pool may have alcohol or everybody at the pool must have alcohol. I don't know whatever you want to say in terms of a rule, but it's because it's common area. Since the association governs the common area, the board has authority to adopt rules and regulations governing what happens in the park. Do dogs have to be unleashed? On the other hand, as I said, if you want to tell somebody that a dog has to be on a leash in their own yard, then it better be in the declaration because that tells people what they can and cannot do on their own property.

Speaker 1 ([00:52:14](#)):

Something going on right now that I don't know if you're getting a lot of calls about, or obviously you stay in the know on what's going on short-term rentals and using your property as a business. I don't know what to predict what the future will hold for that. I've seen two plays from associations to curtail that particular use of the property. And I want to get your thoughts on it if you think there's another layer to it I'm not thinking of but so if an association decides to amend the rules or the declarations to set minimum number of days of a rental period and the minimum or the maximum number of units which may be used as rentals in the neighborhood, that seems to be the two plays to stop short-term rentals. Am I missing something? What are your thoughts on short-term rentals as it relates to associations in the potential future for North Carolina?

Speaker 3 ([00:53:23](#)):

Certainly Justin, and we're always dealing with rental restrictions. I mean, at any given time, we have at least 10 amendments going on that deal with rental restrictions because a lot of people are asking questions right now. I do want to stress that neither we nor most of the associations we work with have any issue with the renters in a particular association. The reason I say that is we have associations that are almost all rentals. The renters are on the board of directors, the renters are running the association, and it works fine. On the other hand, we have had some associations with the last couple of years that have said, wait a minute, a company has come in and bought up so many homes in our community over about two months that we are shifting from a owner community into all the homes are owned by a rental company community.

Speaker 3 ([00:54:13](#)):

We don't want to be only a rental association. How do we stop that? And so some associations have done anything from adopting a declaration amendment that says there are no rentals, or sometimes there's a cap on rentals that we will not allow there to be more than 50% of the homes that are rented in the community because we would like to traditionally keep this community owner occupied. That's different. I mean, that's a different issue, Justin, than you raised on the other one, which is some owners have turned around and suddenly everyone around them is not someone living in their unit anymore,

but it's a V R B O or Airbnb tenant. And from the association side, who's this Justin Where're, just why is Justin asking to get into the pool? We don't know who Justin is. Nobody told us Justin was going to show up in our condo.

Speaker 3 ([00:55:01](#)):

Is Justin supposed to be in this building? And so some associations have said that we are having an issue with short-term rentals or too many short-term rentals. And so we want to put some type of a restriction on Airbnb or V R B O that any homes that are rented in our community, we're fine with rentals, but every rental needs to be, at least for a week or maybe it needs to be for 30 days, and that is more focused on this idea of dealing with short-term rentals. And you didn't mention it, but there's a third issue too, which is again, some associations have taken the approach of we don't want a company to come in from Wall Street and basically buy up the entire community and instantly everything is owned by one company. And so some associations have looked at having a requirement of how long someone must own a unit before they can rent it.

Speaker 3 ([00:55:53](#)):

And that would mean that Justin might come in and live for a year and then he'll start renting it to others. And that's fine, but at the same time, that might be an effort by the association to say, but we don't want companies just coming up and buying all the properties. So again, there's no one size fix all. We have associations that have lots of renters and are going to keep it that way. On the other hand, I'll mention to you, as you know, in a condominium, if you have too high a percentage of rentals, you can't actually get financing to buy a condominium in the building. And that's because the FHA restricts the loaning of money if there are too many rentals. So condominiums almost always have to have some type of a rental restriction or people will have trouble buying in the community. So it just varies depending on where the property is in North Carolina and what the specific issue is that the owners are trying to take care of.

Speaker 1 ([00:56:44](#)):

Do you think that one of the, and I don't have a particular opinion either way, I invest in real estate. I don't know if you do or not. So not that short term rentals are a primary play for me or anything like that. Again, I don't have a position you go, I think it's market specific, right? You look at the beach like a tourism destination location. The likelihood of people limiting vacation rentals probably not as high as your traditional single family with a bunch of families running around type subdivision, right? It's just a different play depending on the market. I'm wondering the calls you get across the board, are they happy calls more percentage, or do you get the people that are upset something's wrong? What typically is it for you guys at your firm? Is something already gone awry off the rails and I'm calling law firm Carolina is because I got to bring the sheriff to town to fix this. What do you guys see

Speaker 3 ([00:57:40](#)):

More often? What we see, I mean, we do see everything because of the size of our practice. We have six offices including in South Carolina, so we get every kind of call, but most often what we're getting these days is our community does not have renters right now but the one next to us has suddenly gotten lots of air, Airbnb and V R B O rentals and we don't want short term rentals. What would we need to do if we wanted to restrict that? And just to let you know, Justin, the normal answer is the board can't do that. That's not something the board has authority to do. That's one of those declaration amendments we talked to. Almost certainly, it's going to require at least a 67% vote of all owners in the association for

that to pass. I will tell you what the world's like right now, it would be hard to get 67% of most associations to agree that it is dark at night. And so generally for one of these amendments to pass it, it means that there is overwhelming support in the community for either a cap on rentals or no short-term rentals. It's not a 51 40 9% vote. It is going to be an overwhelming, super majority vote's going to be required to put in those kinds of restrictions.

Speaker 1 ([00:58:57](#)):

HOAs are so fascinating and I want to be conscious of your time. We appreciate, I mean, you've already been so generous, so I appreciate it. One last thing I, I'd like to hear from you, just in general, the future for HOAs. What's going on behind the scenes as in the HOA world that the public isn't even really focusing on yet that you think is either going to be a big change or the market's going to move in a particular direction with HOAs? I mean, just something in the background that maybe we should start having a conversation about in general. Anything like that going on?

Speaker 3 ([00:59:27](#)):

Well, there's always something going on. Justin, do you have something in mind particularly, I mean, we deal a lot with animals. What animals are allowed in a community? As there are lots of cases. There's a case that decided a Nigerian dwarf goat was a household pet. There are cases that basically say if you want to prohibit animals or numbers of animals or certain animals, you have to be very explicit in the declaration is to specifically what those are. You can't use vague terms like household pets because what you might consider a household pet is not what I consider a household pet. Smoking restrictions the short term rental restrictions. I mean, there are certain areas that we're seeing a lot of movement. There are lots of people, of course, who are wanting solar panels or solar energy type devices in the community. And so again, there are lots of things we are seeing aren't seeing some of the changes that they're seeing out west, for instance, where people are ripping up all their yards and putting in rocks which is called zero escaping. So as the climate changes, as the world changes, one of the nice things is with these associations, the statutes are malleable enough and cause the members get to decide by a super majority what they want. It tends to be, like you said earlier, it tends to be very market driven. The disa, this association wants to allow this, or if that association wants to prohibit that, they generally can do that. And it doesn't matter that everybody else is not doing the same thing.

Speaker 1 ([01:00:56](#)):

I wrote down Nigerian dwarf boat, by the way I might sub out chickens for that. I'll come back to that and get that case reference from you later. And solar panels is, we could probably spend an hour talking about solar and especially when we're talking about green efficiencies, when we're talking about climate change, the people that want to advocate on that level, political signs. And if North Carolina,

Speaker 3 ([01:01:18](#)):

I'll mention that's another one we're dealing with right now is political signs. Why can't I put up 30 of course political signs in my yard? And there's a statute that deals with how many signs, and then you have to look to the governing documents. But that's another hot button issue right now.

Speaker 1 ([01:01:34](#)):

And if North Carolina ever passes a, let's say a tax credit for zero escaping, we'll probably see that California does. I've got some family out there and having to do with water and all that. That's a whole nother level as well. So I guess one last thing then to get specific. As the population continues to

increase in North Carolina, right, people moving from other states, is there something that people are just consistently shocked by when they come to North Carolina? Is it the sheer number of associations? What is it that out of staters who are becoming North Carolinians, what do you think they're most surprised by when it comes to HOAs, when they get here?

Speaker 3 ([01:02:14](#)):

Well, a couple of things. In no particular order I think most people would be surprised if you start driving west and go to the mountains. What only a few years ago was open land or individual houses. As you know, if you've traveled in western North Carolina, it is just shocking to me how many associations there are in every single direction now. And of course it's the same around Charlotte. I'm from Annapolis, Monroe, Cornelius. Oh my goodness. I mean, the number of associations is just shocking. And the same thing is happening in Eastern North Carolina all around Wilmington and Brunswick County and the other community. So one thing is that these associations aren't going anywhere. The second thing that usually surprises people, but it depends on where they come in from. Lots of transplants from Florida or California or other states tend to be shocked at

Speaker 3 ([01:03:06](#)):

How few statutes we have. A, and that's a good thing. In other words, I'd say the General Assembly has done a wonderful job of crafting statutes that both set defaults, but then they give a good bit of control to the association members to decide what they want their particular association to be like. It will not surprise you since you mentioned you have relatives in California that in some other states there are just lots and lots and lots of laws that get into minutiae that would probably drive most people crazy, and that has not happened here, and that's a positive, actually, I'd say in the real estate world.

Speaker 1 ([01:03:42](#)):

Jim Slaughter, president of law firm, Carolina's certified professional parliamentarian teacher as well. Jim slaughter.com. Jim, if someone was to reach out to you, obviously at the law firm, you guys are running Point for HOAs. Is that the, what's the best way for them to contact you? Which way you want to point 'em?

Speaker 3 ([01:04:01](#)):

Probably would be easiest, Justin, if they just go to our law firm, which is www.law firm, and that's because we have hundreds of articles there. We have about 600 or 700 blogs on both real estate and HOA and other practice areas. And it might be that they can find an answer to a question without needing any thing further, but obviously if they needed to talk to us or to another attorney at another firm, we would try to get them set up with the right person.

Speaker 1 ([01:04:25](#)):

Perfect. Jim Slaughter, again, thank you so much for your time, sir. Very grateful for it. Justin Koze, today's Real Talk. Today's real talk.com. Coming right back,

Speaker 1 ([01:04:38](#)):

Justin Koze, today's Real Talk. Today's real talk.com, 8 4 4, studio four. We've got our q and a for the day here. Let's see what we've got going on. Do I need to purchase a subscription for a title monitoring service who, so the LifeLock of title, if you will, right? There's multiple companies out there that offer to

monitor your title to your property, meaning is something filed with your local land records office in relation to your particular property? There are also counties that are starting to offer monitoring service. Now, whether they are handling it internally or are hiring a third party company is going to vary county to county. But the question is, do I need to purchase a subscription for a title monitoring service? Who man, I think that title is most important at the time you purchase or you do something affecting it like a refinance, like an agreement, like a restriction.

Speaker 1 ([01:06:07](#)):

Because at that point in time, specifically when you purchase your property, there is something that you 100% should purchase and that's title insurance. And what title insurance does is it protects your ownership interest in the property, most commonly up to a dollar amount equal to what you paid for the property. There are situations where you can get more than what you paid. Let's say if you're going to do a rehab or there's strong market metrics to prove you are buying below market rate, let's say for instance, in an estate on a property a. And so what title insurance does is it protects your interest. The difference though is with title insurance is compared to a monitoring service title insurance. It's not until you discover a defect with your title that you then contact the title insurance company, which can affect time. So if time is of the essence you could in theory purchase a subscription to a title monitoring service.

Speaker 1 ([01:07:15](#)):

So when something happens, you are notified. Now, I am in no way, shape or form making any type of public endorsement whatsoever of any company or even a municipality claiming that they will monitor the title to your property in no way, shape or form. My advice, if you have concerns about the title to your property, hire a real estate attorney in your local marketplace to complete a title search on the property. And if you are so concerned, have it done every year, take up, take what the cost of that subscription would be, compare it to the cost of local attorneys in your marketplace, what they would charge you to complete that title search and do a cost benefit analysis. I would recommend going with the local attorney's office 99.999 with the little remainder on top percentage of the time. So thank you for that question.

Speaker 1 ([01:08:18](#)):

That one was Dan from Monroe asking that, so thank you. Dan, what is the strongest market in North Carolina? Ooh I'm going to make this one real simple. North Carolina as a whole is strong. What is your proposed use of a property becomes market specific? Do you need to be close to major infrastructure, highway, transportation? Are you looking to be in the middle of nowhere? Is there a particular feature, mountains, city, the beach farmland, industrial? What is it in particular you are wanting to do with the property? That would be a better way to analyze whether or not which is the strongest market in North Carolina? What is your particular use of the property? Thank you, Stacy in Greensboro for that question. And then we've got Todd in Fayetteville asking what is more important the size of the property or the location of the property? Ooh, Todd. Ooh, Todd.

Speaker 1 ([01:09:31](#)):

Size versus location, I am majority of the time tend to put a much greater emphasis on location for long-term value of a property because we as people want to be more centrally located to the things of interest to us, more things to do commercially, a higher value residential population, things of that nature. Schools, robust economies, family. And so I put an emphasis more on location. Now, the caveat

to that, similar to our other question we've had today, relates to what is your particular use of the property. If there is something so specific for your property, let's say a particular use that is only allowed in a specific area, a specific district that you must be there in order to use your property for a particular use, then in theory that's the location that offers you the most value for that size of the property. So if you need a specific size and the size is only allowed in a particular district, well even that relates to location. Thanks again to Jim Slaughter, president of Law firm Carolinas for joining us today. Jim Slaughter law firm, Carolinas Law firm, carolinas.com. Jim slaughter.com. He's a certified professional parliamentary teacher, instructor, author, attorney extraordinaire for all things HOA that his firm wide array, check out their site if you've got legal needs, especially at the HOA level, law firm carolinas.com. Justin, today's Real talk. Today's real talk.com. Looking forward to the next show. We'll see you then.